WEEKLY ECONOMIC REVIEW

May 23, 2008

After five straight months of decline, Alberta's inflation rate edged up 0.3 percentage points to 3.2% in April, driven by soaring energy prices. Gasoline prices increased by 15.5% from a year ago, up from 11.7% increase observed in the previous month. In April, Alberta and Saskatchewan recorded the highest inflation rates in the country, reflecting relatively high shelter costs compared to other provinces.

Consumer spending in Alberta moderated somewhat, as year-over-year growth in retail sales slowed to 3.4% in March. Compared to February, retail sales were up 0.9%. Meanwhile, after a decline in February, national retail sales were essentially unchanged (+0.1%). The heavy snowfall in March had a dampening effect on spring shopping in Quebec and Atlantic provinces, most notably on clothing sales (-2.6%).

In the first quarter of 2008, pre-tax corporate profits in Canada declined by 1.1% from the previous quarter to $67.8 billion. 12 of the 22 industry groups reported lower profits, led by financial, transportation and warehousing, and manufacturing sectors. These declines were offset by gains in oil and gas, retail trade, and information and culture.

Due to the strength of the Canadian dollar, travel to Canada dropped by 1.0% to a record low of 2.26 million in March. Although the number of visitors from the United States and other countries both fell, the decline was more notable in the latter (-3.0%). In contrast, Canadian residents were making more trips outside the country, particularly to the United States where travel is up 1.6% from February.

Crude oil prices rallied to an intra-day high of over US$135/bbl this week on a weaker U.S. dollar and persistent worries over tight supply. Oil prices have climbed by around a third since the start of the year. Natural gas prices also rose by 15 cents from last week, although the rise was tempered by the loonie's strength.

The Canadian dollar rose by almost a cent from last week on the back of continued strength in commodity prices.

Cdn Dollar (US¢/C$)

May 23, 2008	101.2
May 16, 2008	100.3
2008-09 YTD	99.13

WTI Oil US$/bbl

May 22, 2008	$ 130.81
May 15, 2008	$ 124.12
2008-09 YTD	$ 117.44

Nymex Natural Gas C$/MMBtu*
May Contract

May 23, 2008	$11.66
May 16, 2008	$11.51

*Estimate based on Nymex Futures Market Price

Economic Indicators Released this Week	Reference Period	Month/Previous Month (M/M)	Month/Previous Year's Month(Y/Y)	Year-to-date[1]
Consumer Price Index (2002 = 100)	**April**			
Alberta	121.3	1.3%	3.2%	3.3%
Canada	113.5	0.8%	1.7%	1.7%
Retail Sales ($ millions)[2]	**March**			
Alberta	5,252.2	0.9%	3.4%	4.5%
Canada	35,496.7	0.1%	4.6%	6.0%
Wholesale Trade ($ millions)[2]	**March**			
Alberta	5,410.7	1.3%	2.2%	3.2%
Canada	42,691.6	0.6%	-2.9%	-0.7%

Source: Statistics Canada. [1]Year-to-date compared to the same period in the previous year. [2] Seasonally adjusted